

# EXHIBIT 3

1 MR. SMITH: When you say "during 2002," you  
2 mean as of February 28, 2002?  
3 THE WITNESS: Would this be for Harbin's,  
4 Incorporated, or Harbins-Stern Brothers for --  
5 BY MS. LACHMAN:  
6 Q That is a Harbins-Stern Brothers sheet?  
7 A Yes.  
8 Q Okay. I don't believe that I have one from Harbin's  
9 for that year.  
10 A Okay.  
11 Q So I don't think I have one that can help. Do you  
12 remember after September 11th of 2001 -- you've  
13 mentioned that you thought that was going -- that that  
14 created quite a hardship for your business financially.  
15 At what point after that did you think your business  
16 wouldn't recover?  
17 A As I said earlier, when Marvis -- or when Steelcase  
18 stopped shipping product to me and my largest customer  
19 went to the other Steelcase dealer in Montgomery.  
20 Q On the -- strike that.  
21 MS. LACHMAN: Can we actually take about a  
22 five-minute break?  
23 MR. SMITH: Sure.  
24 MS. LACHMAN: Okay. For just about that or a  
25 little less. Thanks. That's all.

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1 MR. SMITH: Okay.  
2 (From 12:58 p.m. to 1:11 p.m., deposition in  
3 recess.)  
4 BY MS. LACHMAN:  
5 Q We were talking before about transfers to your personal  
6 accounts from Harbin's, Incorporated, and you testified  
7 that sometimes you would do that from time to time?  
8 A (no verbal response)  
9 Q Okay. Oh, I'm sorry. Can you just give verbal --  
10 A Yes.  
11 Q Okay. And that sometimes those deposits were made for  
12 reasons other than payroll or to write certified checks  
13 to debtors or creditors?  
14 A Correct.  
15 Q Do you remember, did that happen in 2000?  
16 A I think a -- I'd have to refer back to my -- again, to  
17 my divorce hearing and all that stuff, and I had those  
18 records.  
19 I think they did a couple times, and I do  
20 recall one big time that I did it when we had a  
21 Steelcase project and the order was rather large, and I  
22 got deposits from Steelcase -- excuse me -- from the  
23 insurance company, and I put those monies in my  
24 checking account so that they could not be spent, so  
25 they would be strictly earmarked for Steelcase. And I

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1 think they stayed in there five, ten days, whenever the  
2 net discount invoice was due, and I quickly paid the  
3 Steelcase invoice.  
4 But other than that -- that might have been  
5 in 2000 or 2001. I can't recall that far back, but  
6 that's the only big time I ever did that, and that was  
7 strictly the make sure there was money available to pay  
8 Steelcase.  
9 Q Because if it went into Harbin's, Incorporated, what  
10 would have happened to the money?  
11 A I'm afraid somebody might have ran a whole series of  
12 checks to pay somebody else or -- plus I wanted to take  
13 the discount, and by having the money available, to  
14 take the net 10 discount.  
15 Q The net 10 discount? I'm sorry.  
16 A They give you -- or I don't know if they do it anymore,  
17 but if you paid your bill in 10 days, you got an extra  
18 2 percent discount. It was 2 percent 10 net 30,  
19 meaning you could pay in 30 days, or if you pay in 10  
20 days you'd get to take an extra 2 percent off of your  
21 invoice total.  
22 And so since we were already operating under  
23 such a thin margin because of the constant threat over  
24 our head that, "We'll go to the other dealer if you  
25 don't do us right," that 2 percent meant a lot.

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1 Q And so how were you better able to make sure that  
2 happened by putting the money into your personal  
3 account rather than into the corporation?  
4 A Because I knew it was there and it wasn't going to go  
5 anywhere but to Steelcase.  
6 Q Okay. You did testify at the beginning, though, that  
7 you were the only one with authority to write checks,  
8 though?  
9 A I was for Harbin's. Now, Harbins-Stern Brothers at the  
10 time, Mike Behrman, the other guy, he could write  
11 checks.  
12 MS. LACHMAN: Okay. I'd like to have this  
13 marked as Exhibit 10, please.  
14 (At 1:15 p.m., Exhibit 10 marked.)  
15 BY MS. LACHMAN:  
16 Q I'm handing you Exhibit 10, which is just a section of  
17 your deposition testimony given on April 2, 2002  
18 regarding your divorce proceedings. Did you take a  
19 deposition on April 2, 2002?  
20 A I did.  
21 Q Okay. And as you look over the pages of the testimony,  
22 does this appear to be the deposition that you took  
23 that day?  
24 A It does.  
25 Q I'd like to ask you -- and when I refer to page

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